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AGRICULTURAL ADJUSTMENT ADMINISTRATION

CATTLE REMOVAL AND PRODUCTION ADJUSTMENT

The farms of the United States had 26,062,000 milk cows and heifers of milking ages on January 1, 1934. This is a record number of potential units for further expansion in milk production regardless of profit or loss.

It represents a gain of 3.1 per cent in production units over January 1, 1932 and nearly 18 per cent increase over the same date in 1928. Meanwhile consumer expenditures for manufactured dairy products for 1933 were 4.7 per cent under 1932, while the price index of dairy income for 1933 was 69 compared with 140 in 1928.

Furthermore, the product of a cow producing 20 pounds of butterfat in January, 1934, would buy only 370 pounds of feed grains against 1,022 pounds which the same production would have paid for in January, 1933.

It is natural, therefore for those most concerned in keeping proper adjustments within the industry to look to the reduction of the cow population as the most direct and simplest method. Complete elimination of a portion of these productive units or else their removal from areas of commercial production to regions of milk scarcity for non-commercial use is proposed. Cows are tangible property which farmers might dispose of at a bonus to the Government. To be sure, about 4,500,000 such culls are disposed of annually anyhow in the usual course of herd turnover, but it is argued that stress might be placed on the reasons for culling to get rid of disease or to weed out boarders, even though available funds would not provide any real amount of permanent reduction in present or future milk production. It is largely on the basis of education in sanitary control, herd economy and distribution of some cash benefits while the money lasts which prompts consideration of this cow removal program. It is argued also that administrative features would be less irksome in cow removal than in any comprehensive allotment plan definitely tied to limited sales.

In seriously considering this subject of decreased cow inventory, much depends on the frank admission of the point from which it is undertaken. The reasons advanced by proponents of cow removal rest in themselves on a perfectly logical basis. It is in relation to the expressed provisions and intent of the Agricultural Adjustment Act that the fault appears.

COW CULLING IS A GOOD SUPPLEMENTARY PLAN

Removal of cows because they are unprofitable users of feed that is costly in terms of present butterfat prices is sound economy. Removal of cows infected with tuberculosis or abortion, or perhaps mastitis, is

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likewise defensible both from the standpoint of the producer and the consumer. The dairy staff offers no objections to such a program, and favors it in its carefully supervised phases, but they cannot regard it as more than a supplement to any broad adjustment program which primarily, under the terms of the Act, rests upon the question of how much actual reduction of milk flow to market will be obtained thereby. Here points of low-standing debate may again cloud the issue, such as the nice balance between present supply and normal demand and the great need of the American consumer for a dairy diet.

Having conceded the underlying sanity of eliminating disease and waste in feed, it becomes obvious that full consideration must be given to the fact that funds with which to pay for cow removal in any emergency plan under the Act must be derived from processing taxes - unless Congress specifically orders to the contrary. If Congress provides a "free fund" with which to engage in adjustments of a minor nature that do not strike at the heart of the problem in a permanent way, then cow removal coupled with proper sanitary campaigns and educational effort, may well be made effective. In that case it would be the duty of its sponsors to point out that no goal of concrete reduction in production is a paramount issue, but that it offers a convenient way to distribute cash benefits while at the same time doing some herd housecleaning.

Of course in any case, whether the funds come from processing taxes or otherwise, the effect of enhanced emergency cow disposal on the beef industry cannot be overlooked, and arrangements would be advisable to offset any such result by any means that is practical, such as cutting out salvage for meat, or canning meat for relief uses, or making fertilizer of the carcasses. If no more than the usual culling occurred probably no disturbance of the beef industry would be felt, unless the period of activity were much concentrated. The close border-line between beef cows and dairy cows, especially in the lower producing herds, is also a factor worth noting. Both dairy and beef cows may have the same diseases and present equally strong reasons for elimination for sake of economy.

Cow removal alone as a means of securing sharp reductions has self-evident defects, both in relation to normal cows and those affected with disease.

A minor percentage of dairy cows removed out of the 26,062,000 head now in stock gives no thought to the 10 million beef cows on farms, some of which are fair milk producers in a pinch when prices are low for beef. Again, it does not allow for intensive feeding of the cows left after culling, the separation of calves from cows at earlier ages, and cutting down on milk feed to them afterwards, or reducing the consumption of milk products on the farm. Neither does the well known slogan "weed out the boarders" take account of the tendency of men to keep their stanchions filled to capacity with cattle after poor cows are removed.



Elimination of diseased animals as breeding stock finally means larger production for the country as a whole wherever it is intensively practiced. It all depends on what the avowed objective may be - to put a premium on rigorous culling on a standardized pattern, prompted by Government subsidy with no assurance that prices will improve, except by waiting, or to stick to the purposes of the Adjustment Act, which is aimed at immediate control of the situation by the industry itself. The sentimental opposition would no doubt be felt somewhat less under a combined sanitary-educational campaign than it would be in an outright reduction program, particularly a heavy one.

The greatest objection to any cow buying or bonus program remains to be noted. It concerns the equalization of benefits going to a large number of farmers. Is it not likely that the distribution of benefits on an equitable basis and in a uniform manner as to regions of the country might be much more difficult to accomplish under cow removals programs thru through allotment programs? Some producers might be left out. Those who were left out while the Government was engaged in disbursing money for cows would not be in a mood to ask whether the money their neighbors got (and they didn't) came from processing taxes or the Treasury. It would seem that cow removal as a supplementary rather than a principal program is apt to leave the best impression and attain the soundest objectives.

In case any allotment plan or other contract program with producers is undertaken by the Federal Government and producers are permitted to secure their reduction in any manner they choose, some reduction in cow numbers would of course be a natural sequence. This, however, would be a side issue in such a case to the main allotment program.

The present analysis is of value regardless of whether cow removal is the principal objective or whether it is incidental to a larger program.

Below are the official estimates of farm production of milk and number of milk cows on farms.

<u>Number of Cows on Farms</u>		<u>Total Farm Production (Pounds)</u>	<u>Total Production of Both Farm and other Cows</u>
1924	21,371,000		
1925	21,389,000		
1926	21,221,000		
1927	21,145,000		
1928	21,219,000		
1929	21,561,000	99,736,000,000	104,877,000,000
1930	22,116,000	99,705,000,000	106,543,000,000
1931	22,857,000	101,970,000,000	108,116,000,000
1932	23,637,000	101,863,000,000	106,928,000,000





## REQUIRED COW REMOVALS TO CAUSE CERTAIN REDUCTIONS

Assuming in each case that 4,500,000 cows are normally culled, then including that number, and also allowing for extra culling out to offset shifts from beef to dairy herds, and to offset decreased death losses, the following picture is presented:

<u>Cut in Production Percentage</u>	<u>Desired Cut in Sales Percentage</u>	<u>Total culling to secure Results Number Head</u>
2.3	3	5,466,000
3.9	5	6,054,000
7.7	10	7,315,000
11.6	15	8,456,000

If cow removal on Government purchase were undertaken on a scale sufficient to go beyond the amount of normal dairy culls marketed in a given period, attention must be paid to giving somewhat higher prices to farmers and an allowance be made for a somewhat lower slaughter value because of throwing more beef on the market.

An average inventory value of milk cows as of January, 1934, is about \$27,000 each. Milk cows sold for slaughter brought about \$17.00 each. The latter price has not been sufficient to maintain normal culling even at low butterfat prices. If culling were stimulated to induce farmers to sell 7,300,000 cows, equal to an estimated 10 per cent cut in sales of milk, it is assumed that \$8.00 per head more would be paid to farmers. Likewise the slaughter value might fall \$7.00 a head with the added numbers sent to the block. The Government would therefore be obliged to go both ways and pay a total of \$15.00 as the increased cost of enhanced culling. On 7,300,000 cows this would be at least \$110,000,000 to get a 10 per cent milk sales reduction. This is at the rate of more than 10 million dollars for every one per cent in production reduced. As one per cent in production is more than one billion pounds, the payment for cows would secure milk sales reduction at a cost of over one cent per pound or \$1.00 per hundred-weight. This is without any allowance for administrative costs. From this it is believed that greater cuts in sales might be secured on an allotment basis at far less costs per pound of milk sales reduction, including overhead.

A shift in culling as to type of cow eliminated would likely result because of an attempt to avoid payments made for cows that normally would be removed from herds anyhow. The net result might not be as great an increase in the amounts taken from productive channels as anticipated.

## BUYING COWS FOR COWLESS FARMS

Possible reductions in commercial milk production coupled with humanitarian motives, with the added advantage of not forcing extra meat





on the beef market, is suggested in the plan to buy good milk cows and put them on farms without a supply of milk for home use. It is proposed to allocate not to exceed two million dollars for such a program as a trial. It might fit into the new national plan of relief for rural families which have no milk available, as well as assisting farm families in normal circumstances to secure home milk supplies.

Authorities have summarized data on the subject which might be utilized in developing it further at the proper time. It has been received with mixed sentiment by persons in the surplus dairy areas as well as in the deficit regions. Assurance that the plan involves no new competition for existing dairy areas on the one hand, and provisions for properly distributing and managing the cows after transfer are pertinent points.

According to the 1930 census, 23.6 per cent of all farms in the country had no cattle and the population of those farms was 7,191,000 persons. There were 1,485,474 farms without cows and 1,010,122 of these, or 68 per cent, were in the South.

Relatively, the most farms without cows are found in the Carolinas, Florida, Mississippi, and Louisiana. But in absolute numbers, Texas, with 136,000 cowless farms, led the roll. Further examination indicates that the farm consumption of milk products is relatively lower in areas where there are cowless farms. For the country as a whole, the figures show that per capita milk consumption on farms without cows is 46 per cent of the amount consumed on farms having cows. The dietary value of milk for growing children particularly has led to the conclusion that transfer of good cows to deficit areas for farm use would be a constructive step. The chief argument used against it is that they fear "unloading culls" on the area, which is something easily overcome by proper management. Only normal cows of fair productive capacity would be considered in any event. The problem of local management after distribution is another matter, as well as the procurement of suitable bulls to renew cow production cycles.

Again, it would not necessarily follow that long distance transfers would be the rule. There are often areas of cow surplus in centers of the South that might be depended upon, and likewise some areas in Northern and Central States might well absorb more cattle for their cowless farms.

There are thirteen or fourteen southern and "border" states already having a surplus of milk above their cow production at the average rate. It has been estimated that only 200,000 cows could be found in the southern area for transfer, while the requirements of the whole southern and Atlantic states division to provide one cow for each cowless farm would be one million head. Obviously, the major part of the purchases for a complete carrying out of the plan would be made in states adjacent to the South. However, it is far from likely that any complete program would be undertaken at the outset, and experience might show that the idea is not as practical as it is presumed to be for general use. Not all farms are equipped or experienced enough to handle milk cows properly. It is thought that only about 25 per cent of the farms would probably be able to qualify.



## REMOVING TUBERCULAR CATTLE

The United States Bureau of Animal Industry reports that there are 4,934,000 untested cattle in the non-accredited states and 614,000 of these of all ages and both sexes are anticipated reactors subject to removal. New York State with 547,000 untested cattle and 290,000 probable reactors, and California with 500,000 untested cattle and 130,000 reactors, head the list of 13 states which provide more than half of the untested cattle. Missouri, Colorado, South Dakota and Minnesota each have in excess of 100,000 untested cattle. Experience in cost of testing per head indicates a total expense for removing reactors in these states amounting to \$5,548,750.

During 1933 the Federal Government contributed about 13 per cent of the operating expense and 40 per cent of total indemnities paid for reactors in the joint State-Federal arrangement of tuberculosis control.

In analysing the elimination of tubercular cows as supplementary to an adjustment program, either a two-year period of work or expanding the activity within the year 1934 are the alternatives.

By increasing the available funds of the Bureau of Animal Industry \$2,500,000 per year and depending on state support as previously, the two-year elimination could be accomplished.

Two plans are suggested for doing all the work in 1934. Under joint State-Federal support as hitherto, the Federal fund to meet any deficiency under cooperative arrangements would be about \$8,000,000. This does not fully allow for failure of some states to make the necessary appropriations.

The advantage of it lies in not giving unfair advantage to any state beyond its own contribution, and edible parts of carcasses could be salvaged without serious disruption to beef markets.

The second plan for doing all the work in 1934 provides for the Federal Government assuming a major share of all expenses, without salvaging edible parts of the carcasses. Estimates of the total testing and indemnity cost in the whole country is about \$41,000,000. Available state funds would provide about \$9,000,000. The balance of about \$32,000,000 would come wholly from the Federal Government. Of this sum about \$28,000,000 would be up to the Agricultural Adjustment Administration to provide aside from funds by the Bureau of Animal Industry. If this were to come from a processing tax it would mean about one cent per pound of butterfat in all milk and milk products.

Of the total sum of \$41,000,000 required, New York eradication alone would cost nearly \$18,000,000, and California's program of complete elimination of tubercular cows would take more than \$6,500,000. Inasmuch as





State funds of \$5,000,000 are available in New York and \$240,000 in California, the net cost aside from this would be more than \$19,000,000 for testing and indemnity in New York and California. This is more than half of the balance left for national control work to be furnished by Federal money. South Dakota is the only western state with a large sum to be provided by the Federal Government. The total cost there would be \$1,360,000, the State legislature has a balance there of \$2,000 for the work, leaving \$1,358,000 due from outside sources - unless the legislature furnishes more in the present session. Indeed, this might also be the case in a few other states under consideration.

No net milk reduction would be expected under a two-year tubercular eradication program. Under a speedier one-year program, the elimination of 520,000 diseased cows would not be a net decrease because ordinarily one-fourth of all diseased cows are culled out of herds even without testing. Estimates give 400,000 tubercular cows as the most that could be removed aside from the number which would be culled anyhow. A slight temporary decrease of one to two per cent in milk production at best would naturally be followed by a gradual upward readjustment toward normal flow, and in the long run elimination of tuberculosis from dairy herds would leave the remaining cattle more efficient production units.

If the present New York State cattle shipping regulations were relaxed, it is believed there might be a reduction of about one per cent in milk production, but if the sanitary regulations on importation of cattle were retained in force, there would be a somewhat larger reduction because many of the cows condemned in New York could not be replaced. Vigorous opposition would be apt to develop under the latter circumstance.

As a sanitary public welfare measure, hastening tubercular cow removal is highly desirable. Possibly this fact would offset the chance that little actual reduction of surplus might be provided by the program.

#### BANG'S DISEASE REACTOR DISPOSAL

For a tentatively suggested \$20 indemnity, per slaughtered reactor to the agglutination blood test for contagious abortion, producers would agree under contract with the Government to continue testing under their respective state supervisors and add only negative tested animals in replacements. This in effect is the proposition advanced with the understanding that purchase of diseased animals by the Federal Government without further precautionary measures would be a totally indefensible position.

Unofficial estimates indicate a maximum of 15 per cent of the total producing cow population as infected with contagious abortion. This means about 4 million cows. Fully infected herds may have their production reduced by 25 per cent through this disease.

The securing of supervisors as veterinarians to make the tests is simple, but the problem lies in providing adequate laboratory facilities, methods and personnel with which to handle the work if a complete sweep of





the country in a year were contemplated. Owing to this operative handicap, the goal of taking out all the reactors in one year does not seem as practical as to follow plans for gradual elimination.

The first plan estimates that 12,000,000 cows would be tested throughout the country in a year. This would result in finding and eliminating about two million cows that reacted to the blood test. The total national culling would be about 5,000,000 to 5,500,000 cows, if the two million were included partly in the usual 4,500,000 cows culled normally per year. The estimated expense listed by the Bureau of Animal Industry for this rate of testing and elimination of diseased cows would be about \$44,788,000 for indemnities and about \$5,200,000 for cost of operation. The largest indemnities in any case would go to states such as Wisconsin, New York, Illinois, California, Iowa, Minnesota and Pennsylvania. It is thought that as a result of removing 5,000,000 cows in a year, butterfat prices would be increased about one and one-half cents per pound, while prices for cow beef would decline about \$4 to \$5 per cow.

The second plan is less ambitious and visions the testing of only 6,000,000 cows in a year, with about one million reactors to be paid for and slaughtered. Here an indemnity cost for the country would be about \$17,900,000 and operation would cost about \$2,000,000. Producers in each state would get about 40 per cent of the amount of cash indemnity which owners of infected cattle would get under the first proposal. With only one million removals of culls in this method the total culling of the country would remain about as it is, or be only very slightly increased. Cow beef prices would not be reduced to any extent, and it is thought that prices for butterfat might be increased about one-half cent per pound.

Owing to limitations that would be placed on new purchases of cows from clean sources, it is not likely that the first year's operation could go into high gear at once, probably being nearer the rate named in the second plan. As a health measure and a lesson in herd economy, the project has merit. It has received wide support and would probably be included in some form as a supplement to any adjustment program.

